



Colombia Forestry Development Program

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Teak seedlings planted by Finagro/Refocosta.

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I. Background

In August, 2003, USAID awarded the three-year \$22.7 million Colombia Forestry Development Program (CFDP) to Chemonics International. The total contract amount was later reduced to \$18.8 million. The program aims to expand the production of marketable and profitable forest products that increase incomes throughout the forestry sector and provide alternative sources of income for the rural communities where forestry activities are centered. An increase in profitable activities in the forestry sector creates real economic alternatives to illicit crops.

CFDP is assisting in development of a viable commercial forestry sector and in catalyzing productive investments in four priority zones that offer reasonable access to markets, forest sector support services and production chains. Assistance focuses on connecting sustainable forest production chains to domestic and international markets. Local assistance is provided by Chemonics' subcontractors, which include *Araujo Ibarra y Asociados*, *Econometría*, the *Corporación Nacional de Investigación y Fomento Forestal* (CONIF), *Gómez Chica*, *Dattis Comunicaciones* and the World Wildlife Fund, among others.

CFDP priority zones are located in Bajo Magdalena, Bajo Atrato-Urabá, the Southwest Pacific Coast and Northeastern Antioquia. The regions were selected because they contain considerable forest resources, suffer from increasing cultivation of illicit crops and have defined markets for forest products.

Program activities focus on four components:

1. Forest Policy: CFDP has improved knowledge about constraints imposed on the commercial forestry sector because of inadequate and inappropriate policies and is working to support necessary policy reform.
2. Plan Colombia: CFDP is assisting Plan Colombia in making its *Familias Guardabosques* program more sustainable and effective.
3. Improved Forest Product Production Chain: CFDP is providing assistance to all segments of the forestry production chain to improve conversion efficiency and utilization of raw materials. A "Co-Investment Fund" serves as the primary vehicle for providing this assistance, through technical assistance at the pre-investment stage, as well as co-financing of initial project investments for selected projects with favorable cost-benefit ratios.
4. Commercial Forestry Development Fund: CFDP also provides additional assistance to support viable and responsible commercial forestry incentives outside the four priority zones.

Significant expected program results include establishing 3,000 hectares of commercial plantations and agro-forestry, creating 500 new jobs and benefiting 10,000 families.

II. Executive Summary

The following bullets highlight the major events and accomplishments of CFDP during the quarter.

- The Colombian House and Senate passed the forestry bill with the majority of the President's objections. The law is now with President Uribe for signature.
- Initiated support to the GOC in developing forestry regulations.
- Began harvesting activities in the natural forests of Bajo Mira y Frontera, Nariño.
- Completed three forestry management plans in Docampadó, Chocó (Bioexp), Alto Guapi, Cauca (*Semillas de Agua*) and Mutatá and Chigorodó Antioquia (OIA). OIA's management plan is with USAID for review. The other two plans will be sent for revision in April.
- Initiated USAID-approved follow-on activities for FGB beneficiaries in Santa Marta.
- Held a marketing conference to present a natural forestry species database.
- Strengthened Fedemaderas by aiding them in selecting a new executive director and providing assistance in their work plan and budget development.
- Began transition activities with MIDAS.

CFDP Key Indicators Generated to Date

Indicator	Quarter 4 CY 2005	Cumulative
Families Benefited	1,033	6,315
Jobs Created	537	804
Hectares of Plantations/Agroforestry	213	3,277
Hectares of Natural Forestry	0	36,234
Beneficiaries Trained	1,164	3,177

Next Quarter. During the next quarter, CFDP plans to accomplish the following:

- Begin marketing sustainably harvested wood from natural forests.
- Obtain USAID and CAR approvals for all forestry management plans.
- Finish all programmed agroforestry and plantation planting.
- Provide support to the GOC in socializing the new forestry law and developing key regulations.
- Finalize the design of Forestry Investment Fund (FIF).
- Complete transition activities with MIDAS.
- Close out most grants and contracts.

III. Improved Forest Policy

CFDP policy activities focus on providing technical assistance for developing a new forestry law, working on regulations once the new legal framework has been defined and providing institutional strengthening to the CARs as they engage in administrative and institutional reforms. The result will be a clearer and more streamline institutional framework that encourages investment and economic development in the forestry sector.

A. Forestry Law

For the past several quarters, CFDP has provided assistance to the GOC on developing a new legal framework for the forestry sector in the form of a new forestry law. During the previous quarter, the House and Senate sent the forestry bill to President Uribe for signature. However, contrary to expectations, President Uribe did not sign the forestry bill. On January 14th, he met with prominent environmental experts, including ex-Ministers of Environment, and decided to send the bill back to Congress with 26 objections. Following the bill's return to Congress, CFDP worked closely with representatives of the Ministries of Environment and Agriculture to analyze the objections and make recommendations on their acceptability.

Congressional elections put a temporary halt on Congressional members' interest in the bill. However, once elections were over and the new Congress initiated its session, the revised bill was brought to the House for a vote. On March 28th, the House passed the bill and accepted all but two of the President's objections. On March 30th, the Senate passed the bill. At the close of the quarter the bill was once again with the President for signature and is expected to be signed in early to mid-April. The President has 45 days to sign the bill. If he does not sign within the required time limits, the President of the Senate will sign the bill and it will become a law.



A FGB beneficiary in Urabá tends a teak tree.

Given the impending approval of the forestry law, CFDP has targeted five key regulatory areas and is working with the GOC to develop the necessary decrees. Given the new version of the bill approved by the Congress, support has been targeted on five decrees: 1) sustainable management and harvesting – an area that includes developing the chain of custody for plantations, a plantation registration process and technical management guides, 2) forestry zoning – this area became critical due to vague wording in the bill that can be interpreted to outlaw all forestry harvesting, 3) controlling wood transportation – an area that includes providing for forestry regents and establishing the chain of custody for natural forests, 4) “*vuelo forestal*” - in spite of the polemic surrounding the concept of *vuelo forestal* it remains applicable to both natural and planted forests, this decree will also support the establishment of forestry investment funds, and 5) forestry harvesting rates – during the adjustment of the president's objections the section on rates was modified to include less clear wording, the decree will remedy that. CFDP's support of the regulatory process includes providing legal

and technical expertise and promoting an inclusive participatory process to engage effected stakeholders and interested parties. This includes workshops and roundtables in various regions of Colombia to provide didactic materials on the law and to solicit input on draft implementing regulations. During the next quarter, the GOC should be able to finalize the decrees.

B. CAR Institutional Strengthening

Diagnostics undertaken during the first year of CFDP confirmed many limitations in the realm of administrative procedures and practices, and overall, in the mind-sets of managers and staff within the institutions charged with implementing policies affecting forestry planning, investment and operations, in particular, the CARs. These weaknesses included the following:

- Lack of reliable data and statistics related to forestry management (for example, deforestation rate estimates vary wildly, with no reliable way to confirm which numbers are more reliable).
- Emphasis on command and control approaches to forestry regulation, inhibited by lack of sufficient numbers of staff to provide corresponding policing functions.
- Missed opportunities in terms of promoting voluntary use of sustainable forestry management practices.
- Inconsistent compliance with national laws and regulations (CARs interpret laws and regulations differently, leading to inconsistencies from region to region).
- High levels of illegal logging and other signs of informality, suggesting that the forestry policy regime is not achieving its objectives.

In response to these weaknesses, CFDP is implementing pilot projects with ASOCARS and five CARs: Corpourabá, Corpamag, Corponariño, CRC and Corantioquia.

1. ASOCARS

The ASOCARS grant supports the design of an information system that collects data on forestry chains in nine CARs and facilitates the exchange of information between these CARs. During the quarter, the nine CARs consolidated and uploaded their forestry data to the ASOCARS website. The information was officially presented and evaluated at the ASOCARS General Assembly in late March. During the next quarter, ASOCARS will close out their grant.

2. Corpourabá

The Corpourabá grant has the following components: 1) implement a system of forest regents who will monitor extraction activities and assure that sustainable practices are being used, 2) develop technical guides on sustainable forestry management and 3) design a forest information system including forestry statistics and cartography.

During the quarter, Corpourabá finalized the technical guides on natural forestry management. During the next quarter the guides will be published. In addition, the CAR finalized the design of the forest regents program. The program is expected to be formally approved the next quarter. Corpourabá also began providing follow-up to six different forestry management plans and ten sawmills in an attempt to monitor practices. In addition, a systems engineer uploaded information into the forestry information system. During the next quarter, Corpourabá will close out its grant.

3. Corpamag

CFDP's grant to Corpamag consists of the following two components: 1) provide training on natural forest management to communities on the Río Frío and 2) promote reforestation and provide forestry training to farmers in four municipalities.

In component one, Corpamag began working with 46 families in ten villages. Corpamag held three workshops on natural forestry management and two workshops on management of forests protecting watersheds. In support of component two, Corpamag forged links with three reforestation companies, Monterrey Forestal, La Ceiba and Lozano y Cia. Ltda. to develop work groups that hosted six workshops on reforestation for community members. During the next quarter, Corpamag will finish project training activities and close out its grant.

4. Corponariño

The Corponariño grant provides training to 46 community councils in the municipalities of Santa Barbara Iscuande, El Charco, La Tola, Olaya Herrera and Mosquera in Nariño on sustainable natural forest management, agroforestry, reforestation and regulations. During the quarter, Corponariño continued holding workshops with the community councils covering sustainable forestry management and forestry legislation. During the next quarter, Corponariño will finish training activities and close out its grant.

5. CRC

CFDP's grant with CRC contains the following components: 1) develop internal regulations with community councils in Guapi and Timbiquí, 2) socialize internal regulations with the *veredas* in each council, 3) provide training on sustainable forestry management to the community councils and 4) place 2,000 hectares of natural forestry under sustainable management. During the quarter, CRC and its affiliated communities finalized the internal regulations for the two communities and began processing the harvesting permit. During the next quarter, CRC will finish its grant and enter into close out.

6. Corantioquia

Corantioquia's grant 1) addresses normative aspects of its forestry regulation pertaining to natural and plantation forests and 2) audits *Plan Laderas*, a reforestation effort on the mountains surrounding Medellín, to determine next steps in promoting regional reforestation. Corantioquia hired a company to review its forestry regulations as a part of its first component. The company reviewed all necessary documentation and held workshops with CAR representatives and interested parties to dialogue on the issues. During the next quarter, the company will complete the workshops and summarize the resulting recommendations in a formal document. For the *Plan Laderas* audit, the team hired by Corantioquia designed a site visit methodology and visited 3,600 hectares of plantations. During the next quarter, the consulting team will complete the economic and financial evaluation of the project. In addition, Corantioquia will close out its grant in June.

C. Developing Financial Mechanisms

As approved by USAID, CFDP will support the development of financial instruments that will allow investors, firms and local communities to take advantage of recently issued Decree No. 27-55 which provides any profit generating firm or individual with the opportunity to channel 20 percent of outstanding tax obligations into new reforestation investments. Creating these financial instruments has the potential to unlock sorely needed capital for Colombia's forestry sector.

During the quarter, CFDP selected Araujo Ibarra to develop the *Fondo de Inversión Forestal* (FIF). At the close of the quarter, the team had almost finished the review of the legal framework and a benchmarking study of national and international investment funds. In addition, the team coordinated closely with CCI, *Banco de la República* and Refocosta/Valorem (Santo Domingo investment bank) all of whom have begun investigating forestry investment funds.

During the next quarter, CFDP will visit Refocosta, Pizano and Carton to review their business plans, internal rates of return and expectations regarding an investment fund. CFDP will also coordinate with the *Superintendencia Bancaria* to regulate the Decree 27-55, thus defining the necessary structure and requirements for funds to be eligible for tax breaks.



CFDP FGB beneficiary with a coffee germinator.

IV. Support to Plan Colombia

Since 2004, CFDP has provided critical technical assistance to the communities of Turbo/Necocli and Santa Marta in the *Familias Guardabosques* (FGB) program. This special program under Plan Colombia targets communities that were subjected to prolonged occupation by guerilla and paramilitary forces leading to high levels of conflict, violence, illicit drug trade and disintegration of the local social fabric. With reestablishment of GOC control in these areas, CFDP's assistance aims to transform GOC payments made to FGB beneficiaries from a subsidy to an investment-based program by:

- Designing and implementing forestry and agro-forestry projects
- Stimulating private investment in the same
- Encouraging communities to invest a significant portion of their incentive payments under FGB into these projects
- Training and assisting in the establishment of community forest enterprises (CFE).

A. *Familias Guardabosques* – Urabá

In conjunction with the GOC's *Familias Guardabosques* Program, CFDP is supporting agroforestry efforts in Turbo and Necoclí. CFDP resources are being used to establish 35 hectares of demonstration plots containing cocoa, rubber, plantains and wood-producing trees such as oak, cedar, teak and walnut. The plots are being used to train beneficiaries on the technical inputs required for each crop and the nurseries will serve as a source of income for the communities that pooled their own capital, along with co-financing provided by CFDP to establish them.

Due to the dry season, no new hectares were planted. CFDP supported several workshops and study tours during the quarter: 1) three-day rubber tour for 30 rubber producers to Girardota and Mutatá, Antioquia, 2) workshop on voluntary certification with 25 producers and 3) four training courses on cocoa grafting for 60 project beneficiaries. During the next quarter, the demonstration parcels will be completed.

1. Irrimer

The Irrimer project will establish 200 hectares of cocoa agroforestry arrangements benefiting some 205 families. CFDP's contract with Irrimer provided planting material and supplies while the communities, through their enterprises, provided land and labor. During the quarter, Irrimer supported training courses and maintenance on the 221 hectares planted to date. In addition, Irrimer supported the creation of two community forestry enterprises with another scheduled to be established early in the next quarter. Approximately seventy-eight hectares of cocoa are still in CFDP-supported nurseries and will be planted in April and/or May 2006. During the next quarter, Irrimer will complete field activities on this contract and initiate another transition contract in support of MIDAS activities.

2. Incuagro – rubber

The Incuagro rubber project provides for the establishment of 220 hectares of rubber plantations benefiting some 250 families. To date, 50 hectares have been planted. The outstanding hectares will be planted in April and/or May 2006. CFDP also sponsored rubber trainings and workshops on grafting and planting. MIDAS visited the project and, during the next quarter, CFDP hopes to provide additional funding for the production of plant material for the late 2006 planting season.

3. Incuagro - plantations

CFDP, in coordination with community enterprises El Indio and La Girona, is establishing 308 hectares of teak and melina benefiting some 200 families. To date, 313 hectares of teak and 116 hectares of melina have been planted. During the quarter, CFDP presented the project to MIDAS as beneficiaries hope to continue planting during the April/May rainy season. MIDAS visited the project and during the next quarter CFDP will provide funding to produce plant material for the late 2006 planting season.

4. Living Fences – Fast Track Remnants

To take advantage of fast track teak and melina seedlings, CFDP, in coordination with local FGB communities, supported the planting of the seedlings for non-plantation purposes. In total 85.5 hectares of mature seedlings were planted. CFDP provided the seedlings, training, tools and transportation, while the 750 beneficiaries provided labor and land. During the quarter, CFDP provided technical assistance and monitored environmental compliance.

5. Community Enterprise Development

In an effort to strengthen the 11 community enterprises active in Urabá, CFDP contracted with Incuagro to provide training to 400 community members on administrative and marketing topics. Early in the quarter, Incuagro finished its support to the community forestry enterprises as all trainings have been completed and business plans have been developed.

B. Familias Guardabosques – Santa Marta

At the GOC's request, several new projects were added to the Santa Marta portfolio: Fedecafeteros-Madera y Café, Fedecafeteros-200 Has of agroforestry and Ensolmec. These projects will channel FGB payments into productive initiatives. Given the strong counterparts available in Santa Marta, the majority of the technical assistance is provided by counterpart staff in close coordination with CFDP's regional representative.

1. Red Ecolsierra

In coordination with the United Nations, CFDP's grant to Red Ecolsierra will establish demonstration plots containing organic coffee, organic cocoa and wood-producing shade trees. After the communities have received technical training and assistance on the demonstration plots, *Red*

Rainforest Alliance certification examines the environmental and social conditions prevalent at production sites for crops like coffee and cocoa and, through the certification process, assures buyers that certain basic criteria have been met: chemicals are used responsibly, soil and water resources are conserved, farm workers are treated humanely and products are marketed through cooperatives to maximize profits for individual growers.

Ecolsierra will establish 100 hectares of organic cocoa and wood-producing shade trees and an additional 50 hectares of organic coffee and wood-producing shade trees, benefiting some 100 families. The cocoa will be marketed through Daabon, the coffee through the *Federación de Cafeteros de Magdalena* and the wood will be marketed regionally.

During the quarter Red Ecolsierra continued planting activities, bringing the total number of hectares to 143. Technical training has been provided in basic accounting and follow-up on cocoa, coffee and wood-producing trees. In addition, Red Ecolsierra brokered several marketing agreements with international coffee buyers

and began marketing Café Tima to national buyers. During the next quarter, Red Ecolsierra will finish planting activities and close their grant.

2. Fundeagro

Fundeagro will provide supplies and technical assistance to establish 200 hectares of cocoa, plantain, *higuerilla* and wood-producing trees that will benefit 132 families in Santa Marta, Magdalena. During the quarter, Fundeagro held 26 workshops on agroforestry and social topics. In addition, Fundeagro contracted for the production of plant material. During the next quarter, project beneficiaries will begin planting and training will continue.

3. Fedecafeteros – Madera y Cafe

Fedecafeteros will establish 600 hectares of organic and specialty coffee and wood-producing trees that will benefit 290 families in Santa Marta and Ciénaga, Magdalena. During the quarter, Fedecafeteros held several workshops on agroforestry arrangements, contracted for the production of plant material and achieved organic and Rainforest Alliance certifications for several beneficiary farms. These certifications give beneficiaries access to more profitable niche markets and guarantee responsible production that meets environmental criteria. During the next quarter, training and certification efforts will continue and the coffee and trees are scheduled to be planted in May and June.

4. Fedecafeteros – 200 Ha Agroforestales

Fedecafeteros is planting 200 hectares of cocoa, coffee and wood-producing trees that will benefit 150 families in Santa Marta, Magdalena. During the quarter, Fedecafeteros contracted for the plant material and planted 100 hectares of plantains and *guandul* (bean), which will serve as transitory shade for the cocoa plants. The cocoa, coffee and wood-producing trees will be planting during the next quarter. Community members participated in several socialization meetings and eleven workshops on topics ranging from forestry management to organic production techniques to apicultural techniques. Training will continue on similar topics through the next quarter.



Program beneficiary in Urabá waters a rubber seedling the Brunito demonstration parcel.

5. Ensolmec

The Ensolmec project will provide technical assistance and supplies to establish 100 hectares of cocoa, plantains, *higuerilla* and wood-producing trees benefiting 50 families in Santa Marta, Magdalena. During the quarter, Ensolmec socialized the project, helped families select the lands most appropriate for cocoa, trained 25 people, contracted for plant material and selected BUNSY to provide training on organic certification and monitoring systems. During the next quarter, training will continue and beneficiaries will plant their agroforestry parcels.

6. Community Enterprise Development

In accordance with the 2006 work plan, CFDP will continue to provide training to strengthen Santa Marta's three major community enterprises. These trainings will focus on establishing by-laws, developing procedures and manuals, refining organizational responsibilities and building business plans. These trainings will allow community members to better manage their community enterprises and to attract private sector investors. Late in the quarter, CFDP contracted Fundalianza to undertake the necessary work.

V. Improving Forest Products Production Chains

CFDP is committed to improving the forest production chains in three nuclei: Southwestern Pacific Coast, Urabá/Bajo Atrato and Bajo Magdalena. These efforts include support for commercial plantations, natural forest management and agroforestry activities. The project's original design also included transformation activities; however in the light of the limited timeframe of the project, milling and other processing activities have been suspended. CFDP's activities in the three nuclei have improved forestry management practices, increased efficiency of processing techniques, promoted business planning and financial analysis of alternative investments, and access to higher-end markets.

A. Bajo Atrato – Urabá

In Urabá, active projects include Corpourabá/Cocomacia and OIA in natural forestry and Selva Húmeda in plantations.

1. Corpourabá/Cocomacia – Vigía del Fuerte

Afro-Colombian communities, through Cocomacia and Corpourabá, have developed a sustainable forest management plan for 26,529 hectares of natural forest, benefiting 738 families and creating 130 jobs. On December 9th, the forestry management plan was approved by USAID. Corpourabá, the corresponding CAR, approved the management plan on December 20th.

During the quarter, the community forestry enterprise, ACIA El Nuánamo E.U., was officially constituted and the model for administering profits was adopted. Seventy community members were trained in forestry census activities and natural forestry management concepts. During the next quarter, the first annual harvest will take place, Corpourabá will finish training beneficiaries and the grant will be closed out.

2. *Organización Indígena de Antioquia (OIA)*

The indigenous communities associated with the *Organización Indígena de Antioquia* continue developing their forest management activities. Under this sub-contract, OIA is completing a sustainable forest management plan covering some 60,087 hectares of forest, benefiting 733 families and generating 100 jobs. This increase in hectares from the original estimate of 13,206 reflects the indigenous community's desire for Corpourabá to approve their collective land use in one document.

During the quarter, OIA finalized their forestry management plan, which was sent to Corpourabá and USAID for approval. In preparation for harvesting activities, OIA has completed a census on 296 hectares and has developed an annual harvesting plan. Security issues with the FARC limited plans to census additional hectares. Community members also participated in a course on directed felling and an introduction to Logosol portable sawmills.

In social and business aspects, the community also finalized and approved the internal regulations governing natural resource use. In addition, the community legally established its community forestry enterprise, called *Cooperativa Integral Genene para el Manejo de los Recursos Naturales* - Cooigemarena, and its business plan. Community members participated in training on cooperative structures and governance mechanisms.

During the next quarter, OIA will attempt to finish the census, have the harvesting and management plans approved by Corpourabá and begin harvesting activities. In addition, OIA will continue to strengthen marketing relationships and plans.

3. *Selva Húmeda*

CFDP has supported a bridging project with *Selva Húmeda* to establish 130 hectares of teak benefiting 37 families. During the quarter, *Selva Húmeda* engaged in plantation maintenance activities. In addition, representatives from *Selva Húmeda* met with the MIDAS project and plans are underway to transfer the project to MIDAS upon termination of CFDP. .

B. Pacific Southwest

In the Pacific Southwest, CFDP's current project portfolio focuses exclusively on natural forestry management in three communities: Bajo Mira y Frontera, Nariño; Guapi, Cauca; and Docampadó, Chocó. All three communities have completed their forestry management plans and have begun exploring harvesting options.



CFDP staff and CFE manager Rodrigo Matute review harvesting progress in Bajo Mira.

1. Bajo Mira y Frontera

CFDP has supported local community organizations in developing a natural forestry management plan for 9,705 hectares and established a community enterprise with the *Consejo Comunitario de Bajo Mira y Frontera*. The project is benefiting 1,606 families.

During the quarter, the community completed its forestry census and began its first harvest. CFDP is providing technical support and extensive low-impact harvest training to community members. The community forestry enterprise is also receiving technical

assistance on all aspects of marketing, transforming and selling wood from the harvest. During the next quarter, the CFE will sell its first sustainably harvested wood.

2. Alto Guapi - *Semillas de Agua*

CFDP is supporting local communities and organizations in developing a management plan and community forest enterprise with the *Consejo Comunitario de Alto Guapi* in Cauca through subcontractor *Semillas de Agua*. This effort will result in the management of 23,650 hectares of natural forest and benefit 450 families.

During the quarter, *Semillas de Agua* completed the forestry management plan and first annual harvesting plan. The CRC is currently reviewing both. The communities also finalized a draft of their internal regulations and participated in directed felling and chainsaw training. In addition, the community opened its carpentry shop and ten beneficiaries received training in basic carpentry techniques.

During the next quarter, the management plan will be forwarded to USAID for approval and the community will approve its internal regulations. The CRC is also expected to support a *consulta previa* with the community to vet the management plan. If the management plan is approved with sufficient time, CFDP plans to support the community in its first harvest.

3. Docampadó - Bioexp

CFDP subcontractor Bioexp is working to sustainably manage 10,000 hectares of natural forest in coordination with 820 beneficiary families in Docampadó, Chocó. During the quarter Bioexp submitted their management plan to CFDP's environmental staff for review and to Codechocó for approval. In addition, Bioexp completed a forestry census over 350 hectares and developed an annual harvesting plan for their first harvest. The harvesting plan was also submitted to Codechocó for review and approval.

In socialization, the community council fully approved and vetted the final version of their internal regulations. Community members were also trained on the technical and practical aspects of conducting forestry census and on the various structures for the community forestry enterprise. The community also established its community forestry enterprise, called the *Asociación Forestal del Recurso Sostenible de Concosta* or Asoforescon. Community members also visited the FAO project's harvesting activities in Río Chagui to gain a clearer idea of the equipment necessary on the slopes of their lands.

During the next quarter, Bioexp will finish submitting final products. CFDP will also explore harvesting opportunities with Asoforescon given remaining budgets and time constraints.

C. Bajo Magdalena

In Bajo Magdalena, CFDP has three active plantation projects. Given that January-March is the dry season, activities during the quarter were limited.

1. Pizano

The Pizano project has established 1,058 hectares of melina benefiting 572 families in San Angel and Fundación, Magdalena and Agustín Codazzi and Becerril, César. The hectares are in good condition and receiving adequate maintenance.

2. Finagro/Refocosta

The Finagro/Refocosta project will establish 950 hectares of teak benefiting 170 families in Agustín Codazzi, Bolívar and San Angel and Algarrobo, Magdalena. To date, 818 hectares have been planted and the remaining 132 hectares will be planted in April or May 2006. Towards the end of the quarter, Finagro began clearing terrain in preparation for planting.

3. Madeflex

Madeflex will establish 500 hectares of eucalyptus benefiting 41 families in the municipalities of San Sebastián, Guamal and Santa Bárbara de Pinto, Magdalena. To date some 220 hectares have been planted. The remainder will be planted in the April-May growing season. Soil preparations began in late March and representatives of Madeflex have continued to visit project beneficiaries to monitor the growth of the seedlings and observe maintenance practices.



Project beneficiaries begin cleaning lands for planting in May.

VI. Commercial Forestry Development Fund

The Commercial Forestry Development Fund supports activities that are of strategic importance to the overall growth of the forest sector at the macro-level, thus complementing the activities carried out under other components of CFDP. The Fund serves as a catalyst for growth by attracting investment in and raising the competitiveness of the commercial forestry sector. Activities include:

- Strengthening Fedemaderas -- a forestry sector business association ---to serve as an advocate for sound forest management, policy, trade, innovation and investment – Fedemaderas.
- Promoting new domestic uses for wood products to grow demand and thus stimulate investment in production and more efficient processing of wood products through: a marketing database – SINCHI and the promotion of wooden housing – CIDICO.

- Supporting the inclusion of Colombian forests in formal and informal markets for trading greenhouse gas credits – Monterrey Forestal.

A. Representative Body - Fedemaderas

CFDP is supporting Fedemaderas, the trade association of the forestry sector, so that it can become more effective at responding to the needs of its members in key areas such as the legal framework of the sector and market and trade information. During the quarter CFDP continued offering institutional strengthening assistance to Fedemaderas. The following key activities were accomplished:

1. The board selected a new director, Alejandra Opsitia.
2. Under Ms. Ospitia's leadership, Fedemaderas developed a 2006 work plan and budget that delineated service objectives for each constituency.
3. Fedemaderas held a generally assembly to sign off on the work plan and budget and to revise its statutes. Unfortunately quorum was not reached and the assembly will be held again in April 2006.
4. CFDP finished a benchmarking study of other business associations.
5. Fedemaderas updated its accounting through 2005.
6. Ten new members joined, a clear vote of confidence in the *gremio*.

During the next quarter, Fedemaderas will begin offering services to its members, finalize its structure, and change its offices. In addition, CFDP support to Fedemaderas will phase out in late June.

B. Promoting Demand

1. Wood Properties and Uses Marketing Database

The International Tropical Timber Organization (ITTO) has given CFDP permission to use and update its database with 144 species common to CFDP's two natural forest regions. The database will allow potential buyers to view characteristics of the species and make informed decisions on their use and market potential. During the quarter, Sinchi finalized the database, completed the manual, held an event to launch the website and the wood samples and sent the finalized information to the ITTO. During the next quarter the website will be refined.

2. CIDICO

To increase the value of products harvested from pine plantations, CIDICO's grant stimulates the domestic market for wood construction. The grant focuses on the following areas: 1) improving designs with well-dimensioned and graded structural lumber, MSD, 2) supporting technology transfer, 3) promoting pilot projects using wood and 4) exploring policies, rules, codes and financing affecting construction companies using wood. During the quarter, CIDICO's affiliated builders signed contracts for constructing prototypes in three cities: Tuluá, Valle del Cauca, Pasto, Nariño and Bogotá. Construction is scheduled to begin on all prototypes in early April. From March 21-25, Cidico held a practical workshop on building with structural lumber in Bogotá given by two American builders.

C. Carbon Trading - Monterrey Forestal

CFDP's grant with Monterrey Forestal provides support for a feasibility study and a Project Design Document (PDD) that will be used to access international carbon trading markets. Monterrey Forestal is coordinating closely with the Ministry of Environment's Office of Climate Change. The PDD will allow Colombian forests to access funds generated by carbon markets, thus providing an important additional resources for forest operations. The project will develop a carbon accounting methodology for the regions and pre-select some 18,000 hectares of land for possible entry into carbon trading.

During the quarter, field work in Cesar and Magdalena advanced by 70%. On December 31, Monterrey submitted the carbon methodology to the MDL committee for review. As the quarter closed, approval was still pending. Once the methodology is approved, Colombian plantation owners in these areas will be able to pursue carbon credits. In addition, Monterrey Forestal finished compiling information for a business plan that includes operational costs, marketing strategies, industrial linkages and social and environmental impacts. During the next quarter, Monterrey Forestal will finish field work, finalize the carbon methodology, complete the business plan and finalize the PDD.

VII. Progress Toward SO2 Goals

The table below reflects the results as of March 2006 taking into account the indicator adjustments made in CFDP's 2006 work plan submitted to USAID in early December 2005. As indicated by the table, CFDP is on track for meeting its targets.

All indicators for on-the-ground projects were verified by CFDP's managers in accordance with the guidelines established in CFDP's Performance Monitoring Plan. Managers also verified that environmental criterion was appropriately followed and attested to the absence of coca.

Results as of March 2006

Indicator	Quarterly	Accumulated	Goal Per Workplan
Families benefited	1,033	6,315	10,000
Jobs created	537	804	500
Hectares of forestry/agroforestry	213	3,277	3,000
Hectares of natural forestry	0	36,234	80,000
Policies and incentives reviewed and diffused	0	2	1
New markets identified and disseminated	2	7	3
Technical assistance provided to Plan Colombia	\$221,260	\$1,096,501	\$1,500,000
Hectares of natural forestry zoned	0	472,527	472,527
Beneficiaries trained	1,164	3,177	2,073
Community enterprises formed	3	15	19
Increase in sales	0	0	\$200,000
Forestry law passed	no	no	yes
Forestry regulations passed and implemented	0	1	10
NGOs/associations/businesses supported	23	64	75
Communities signing coca-free agreements	0	111	111
Families included under coca-free agreements	4	3,090	3,693
Proportion of client families coca-free	100%	100%	100%
Private sector funds leveraged	\$2,560,083	\$2,672,325	\$460,743
Public sector funds leveraged	\$510,659	\$584,246	\$873,587

Progress on Natural Forest Management Scale (Hectares)¹

Operator / Area	Forest Inventory Completed	Management Plan Developed	Management Plan Approved by CAR	Community Enterprise Established	Harvesting According to Plan
Bajo Mira y Frontera					9,705
Semillas de Agua / Alto Guapi			23,000		
Bioexp/Docampadó			10,000		
Corpourabá / Vigía del Fuerte				26,529	
OIA /Chigorodó - Mutatá			60,087		
Total	0	0	93,087	26,529	9,705

¹ Green indicates the step has been completed, grey indicates that it is in process, white indicates that it has yet to begin.

VIII. Program Management and Support Activities

A. Grants and Contracts

During the quarter, major contracting activities included: 1) preparing for close out by auditing contract and grant files, 2) signing new purchase orders and contracts supporting FGB and natural forestry activities and 3) providing contract and grant follow-up.

B. 2006 Work Plan

On October 3rd, 2005, CFDP submitted its proposed transition plan to meld its activities with MIDAS. On November 18th, CFDP submitted a 2006 work plan. After responding to USAID comments, CFDP submitted a Revised Work Plan on December 7th. Subsequently, USAID provided authorization to CFDP to begin implementing all activities contained in the work plan. Formal work plan approval has yet to be received.

C. Environmental Compliance

During the quarter, the OIA management plan was submitted to Bruce Bayle for review and approval. Two more management plans will be submitted in the next quarter. Two additional environmental reviews will be sent in during the next quarter. CFDP staff also conducted environmental monitoring of ongoing projects in Urabá, Santa Marta and Tumaco. During the next quarter, the remaining projects will be monitored and go through an environmental close out.

D. Monitoring and Evaluation

On August 22, CFDP submitted its Revised Performance Monitoring Plan to USAID for revision. This revised plan included the new indicators requested by USAID in June 2005. Approval of the revised plan is still pending. During the quarter, CFDP conducted audits of subcontractor and grantee monitoring files and reviewed program files to assure that all available information was reported.

In addition, this will be by CFDP's final quarterly report. Additional progress on activities will be reported in the project's final report, scheduled to be submitted to USAID in July. Project indicators will be reported to David Cano in early July to facilitate USAID's reporting to Washington.

E. Personnel

Freddy Contreras, the regional manager for the Colombian Pacific Southwest, left CFDP on March 31st. Wilson Gomez will manage activities in Tumaco while Gabriel Vega will oversee activities in Guapi and Docampadó. Andrés Arango, contracts assistant, left the project on March 30th.